GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:4105
ANSWERED ON:23.03.2001
DISINVESTMENT OF PSUS
RAJO SINGH

Will the Minister of DISINVESTMENT be pleased to state:

(a) the criteria fixed for disinvestment of Public Sector Undertakings and the objectives thereof;

(b) whether the Government have issued any directions to the concerned undertakings for safeguarding the interests of the workers during the disinvestment process of public undertakings; and

(c) the action proposed to be taken against the undertakings violating these directions?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) Disinvestment of the Government equity in the Central Public Sector Enterprises is being carried out in accordance with the disinvestment policy of the Government as enunciated from time to time. Its main elements are:

- Restructuring and reviving potentially viable PSUs;
- Closing down PSUs which cannot be revived;
- Bringing down Government equity in all non-strategic PSUs to 26% or lower, if necessary; and
- Fully protect the interests of workers

It has also been decided that the Strategic Public Sector Enterprises would be those in the areas of:

1) Arms and ammunitions and the allied items of defence equipment, defence aircrafts and warships

2) Atomic energy (except in the areas related to the generation of nuclear power and pplications of radiation and radio-isotopes to agriculture, medicine and non-strategic industries)

3) Railway transport

Moreover, for the non-strategic Public Sector Enterprises, the reduction of Government share to 26% would not be automatic and the manner and pace of doing so would be worked out on a case to case basis. A decision in regard to the percentage of disinvestment i.e., Government share going down to less than 51% or to 26 %, would be taken on the following considerations:

(i) Whether the Industrial sector required the presence of the public sector as a countervailing force to prevent concentration of power in private hands, and

(ii) whether the Industrial sector required a proper regulatory mechanism to protect the consumer interests before Public Sector Enterprises are privatised.

(b) The decision to disinvest in any public sector undertaking is implemented by the Government and not by the PSU concerned. Therefore, there is no question of issuing any directions to the PSUs. Government is committed to protect the interest of the workers as mentioned by the Finance Minister in his Budget speech for the year 2000-2001.With this in view, in the cases of disinvestment involving transfer of the management control, appropriate provisions are made in the Shareholders` Agreement and the Share-purchase Agreement.

(c) Does no arise.